Steering towards Scylla: Rescuing UK Development Policy from Disaster

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According to Homer, the Straits of Messina forced an unpleasant choice on the ships that navigated them: they must either cleave close to the cliffs on one side and brave the six-headed sea-monster Scylla, or avoid Scylla by steering towards the centre of the straights—and the whirlpool Charybdis. Odysseus, on his journey home, steered his ship towards Scylla, sacrificing some of his sailors, but clearing the channel; he knew that to risk the whirlpool would be to risk the ship itself.

Andrew Mitchell, on his own return 'home' to the development portfolio in the UK Government he previously held from 2010 to 2012, has inherited a ship in the middle of the straits, heading directly towards the whirlpool. The UK faces the prospect of completely disappearing as a serious development player over the next 18 months. This would be bad for the world, given the UK's recent history as a highly effective and valued development actor, and bad for the UK; both foreign policy and security experts have warned that the UK will be less able to achieve its aims in those domains if it fails to protect development work; and its 'Global Britain' ambitions will suffer from losing one of the central planks of its global offer, and the one in which it unambiguously punched above its weight.

The risks to UK development policy come from four related challenges.

1. A catastrophic loss of control over development *resources*, driven by the complete breakdown of the usual processes for managing aid spending in the UK Government.

2. A related, equally complete, loss of any coherent development *strategy*, notwithstanding the so-named 'International Development Strategy': there is no set of objectives matched by an articulated approach to achieving them for the UK to navigate against.

3. An *institutional erosion* of its ability to pursue impact and effective engagement in support of development outcomes.

4. A loss of *capacity and expertise* that will make it much more difficult to rebound from the above challenges, even if external and internal circumstances improve substantially.

These challenges are existential. There is a very real possibility that the UK ceases to be a significant presence in international development over the next couple of years; indeed, this is the most likely outcome at present. Even from a narrowly self-interested perspective this is a problem. Eighty-two of the other 192 countries in the UN are low or lower-middle income, the primary recipients of UK development support. UK development support to these countries is an effective way of both supporting them and winning friends; the same resources achieve much less in better off places, even ones that are strategically important, like Ukraine.

Yet, all is not lost: Mitchell can avoid the whirlpool and rescue the bulk of what has made the UK's development programme effective and widely respected. And while it will be difficult, and cannot be achieved without cost, it also presents an opportunity to learn and put development and development assistance on a more sustainable footing: the current system is broken, and there is a growing consensus that change is needed. Handled well, this consensus can be formed around a system that prizes development impact and rebuilds the UK's global reputation. This is the immediate task at hand for him. Sacrifices will have to be made, given the political and economic context he operates in, and political capital used.

We make three recommendations in this note:

- **To articulate a vision and strategy for UK development policy, and decide what should properly count as development spending towards it.** Together with the Prime Minister and Foreign Secretary, Mitchell needs to set a clear vision for what UK development policy seeks to achieve, and a medium-term strategy for achieving this, not just for FCDO but across all departments spending aid money or working on international development. It should go beyond a list of priority areas and towards a clear vision for what the UK wants to achieve through its development policy. On the basis of this, the Government can set out what UK development policy is for, and what the aid budget is there to do. It needs to be explicit about what counts as 'development' work for the UK, and what counts as spending in pursuit of it. The OECD's rules on what counts as aid spending are permissive and not restrictive, in the sense that they set the limits of what can be claimed as aid, not the requirements of what must be. The UK must choose to be within that limit, rather than to stretch its definition of aid to the outer limits just to look good.

- **To establish controls to promote strategic and effective spending.** Mitchell should insist upon a rigorous adherence to existing Treasury guidance on sound management of public money, and the restoration of clear lines of accountability for all aid spending, with real incentives for efficiency and effectiveness built into the system. Together with a clearer statement of what aid is, this allows for a system that makes sense for development and spending control. Alongside this, he should reintroduce the practice of setting out expected development results, measuring progress against them and accountability for their achievement—but this time, across Whitehall. This should be backed by a renewed commitment to the role of evidence, review and scrutiny across FCDO operations and across Whitehall. This will most likely involve a greater outlay of time and effort from development experts but is necessary if the UK wants to be transparent about what it is achieving, and to track and maximise this achievement.

- **To rebuild and reverse the loss of development expertise from the FCDO.** Mitchell needs to act now to stem the loss of the development expertise it took the FCDO more than a decade to accumulate; this will require a direct challenge to established ways in which the Foreign Office works, rewarding and celebrating technical specialism, and empowering local staff and officers at post to make decisions and act quickly and decisively.

In this note, we set out the challenges facing Mitchell, and how each of our recommendations can be achieved—and at what cost.

The challenges

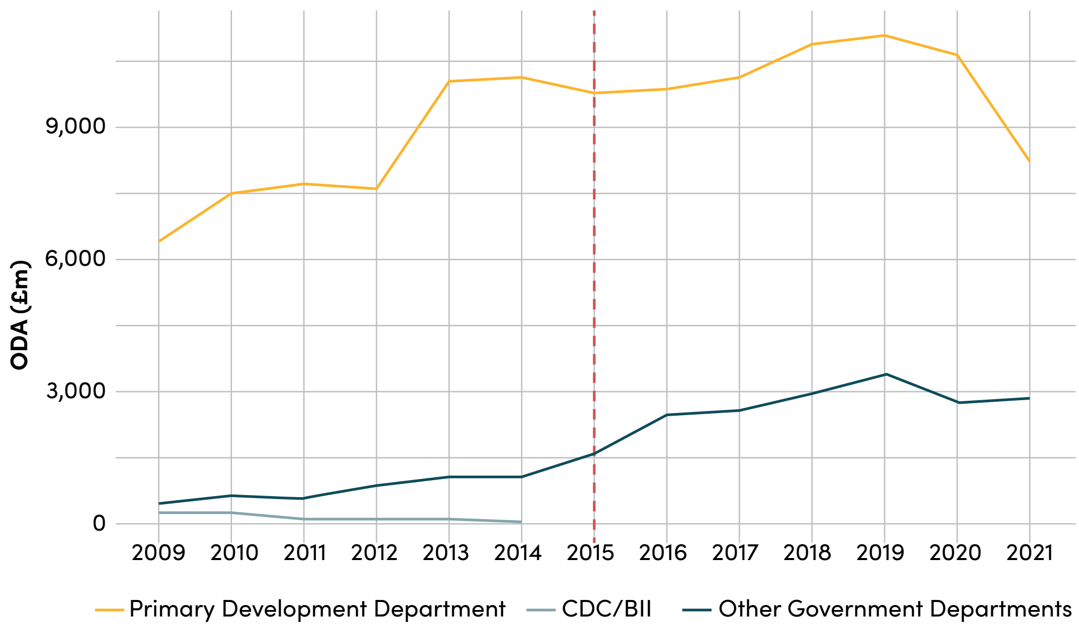
Like Mike Campbell's bankruptcy in *The Sun Also Rises*, the depredation of the aid budget has happened in two ways: gradually, and then suddenly. The sudden part has been obvious: since 2020 the development budget has been gutted in three stages. First, the aid budget was reduced—mechanically—when the British economy shrunk in the wake of Covid-19, given the tendency of the Treasury to treat the target to spend 0.7 per cent of GNI as a ceiling, rather than a floor; this reduced aid by around £500 million. The second stage was a direct policy choice: the then-Chancellor Rishi Sunak decided that UK fiscal conditions were too parlous to continue to be so generous aid donor, and cut the aid budget from 0.7 per cent of GNI to 0.5 per cent; this resulted in a further reduction of around £3 billion from the aid budget. And in the third, least transparent stage, the budget was faced with a new set of cuts from the backdoor, as the domestic spending on refugees was taken from the aid budget, despite rapidly escalating costs due to the inflow of Ukrainian refugees and the increasing cost of managing refugees incurred by the Home Office and Department of Leveling Up and Communities (DHLUC)—expected to reach at least another £3 billion this year, and likely much more.

But this should not be seen as an aberration. It has its roots in many years of slow and quiet undermining of what 'development' aid is for. This predates the aid cuts and Covid; its roots are in the—rather weak—legislative basis for UK aid spending—which itself reflects a relatively weak political consensus on international development.[1] Nowhere in the UK's legislative framework governing aid spending is there a clear definition of what counts as 'development' spending; there is a convention to follow OECD rules on counting aid, but no statement as to what development spending ought properly cover. This was not a problem for much of the post-1997 period, but once the aid budget was guaranteed at 0.7 per cent of GNI in 2015, at a time when almost all other Government departments had already endured three years of squeezed budgets under George Osborne's

1 Notwithstanding a short period from around 2009 till 2014 when there appeared to be genuine cross-party consensus on the importance of international development and the broad content of policy.

programme of austerity and could look forward to another half-decade of the same, the weaknesses of the governance of aid spending were laid bare. Departments that previously spent little or no aid discovered that some of their routine spending qualified as 'aid' when judged against the letter of the OECD's counting rules, regardless of the fact that the justification and objective of this spending was driven by domestic interests. Immediately, they had an incentive to rebrand all this spending—on UK universities, for example—as aid, and therefore part of the protected 0.7 spending, separate from the painfully negotiated settlements of their own extracted from the Treasury. The share of aid going to the primary development department consistently fell since 2015, even if absolute volumes increased (albeit modestly) from 2015 levels.

Figure 1. Share of UK aid administered by the primary development department



Note: The data used here are primarily from the most recent release of Statistics on International Development (the 2021 edition, released on 23/11/22). However, this release no longer disaggregates spend by DFID and spend by FCDO, even for years prior to the merger in 2020. To construct the 'Primary Development Department' series, I used the most recently-available such disaggretion, from the Statistics on International Development (2020 edition, released on 29/9/21). Until 2020, 'Primary Development Department' refers to DFID, with FCO counted among 'Other Government Department.' From 2020, FCDO is the Primary Development Department and ex-FCO projects ongoing are counted together with ex-DFID projects, as well as new FCDO projects. CDC/BII was counted separately in Statistics for International Development until 2015, when a change in methodology began to count capital injection into CDC (renamed BII in 2022) instead of the individual loans and deals that CDC/BII made each year. These capital injections were incorporated into the 'Primary Development Department' line.

Any transaction that could conceivably be counted under the 0.7 per cent target was, no matter how specious (such as the hugely inflated rate at which SDR allocations to the IMF's PRGT funds are counted as ODA—an approach that offset next to no fiscal effort from the UK, and whose sole purpose was to reduce the real outlay on aid[2]) or irrelevant to international development (such as spending on hotels for asylum seekers in the UK while the Home Office goes slow on processing applications). Less and less of the UK's development aid has anything to do with helping people in developing countries. This trend should be reversed, and we set out what a more honest approach to counting development aid would include below.

The damage from this is not just that there is less money available for spending in developing countries It also forces enormous, unmanageable uncertainty about the size of the budget available for this spending, depending as it does on external factors, and subject to repeated depredations and reductions. This has made forward planning and attempts to sensibly design a portfolio optimized for a lower level of spending impossible. Equally problematic is the erosion of accountability for the aid money that is available. Non-FCDO aid was already less carefully managed with respect to real development results, less transparent and less effective. The arrangements around refugee spending make matters many times worse: overspending by the Home Office and DHLUC does not impact on their own budgets, but comes out of the FCDO's aid pot, leaving little incentive for the spending Departments to pursue efficiency—the bill is footed by someone else. What's more, it makes it near-impossible for the FCDO to guarantee value-for-money over its own aid allocation, since the department does not spend this large chunk of it.[3] Development assistance is the dog being wagged by the tail of spending reductions across government; it is no longer focused on impact and value for money. But in fact the existing system fails badly at both, lacking incentives for efficiency and making the pursuit of value for money more difficult. The National Audit Office, Public Accounts Committee and International Development Committee are all likely to take a dim view of it.

Exacerbating this, dating back to the merger of DFID and the Foreign and Commonwealth Office into FCDO, is the absence of any clear strategy for pursuing development. Officials and Ministers had to deal with successive rounds of cuts, preventing them from setting aside time to set out a coherent vision for what the FCDO seeks to achieve, and how, and the ways in which the diplomatic and development objectives and expertise of the department may be made mutually reinforcing. Especially in times of flux, a clear plan provides a backbone and structure to difficult decisions of prioritization and protection of effectiveness.

The International Development Strategy of 2022 was an opportunity to redress this issue, but a largely missed one. It included a number of promising commitments: to a long-term, patient

2 By one calculation, "there is at least an argument that UK loans to PRGT should not be counted [as ODA] at all, in which case for every £1 billion the UK lends to the PRGT, developing countries lose £310 million. Not only is lending to the PRGT not additional, it is 'subtractional.'" See: https://www.cgdev.org/publication/accounting-anomalies-and-arbitrary-targets-are-conspiring-hurt-poor-sdrs-uk-aid-ceiling.

3 After the Autumn Statement, an additional £2.5 billion over two years has been made available to address this spending—though much of it still comes at the expense of FCDO, and it protects these Departments from needing to make trade-offs across spending on their own portfolios.

approach to development; to a focus on the poorest countries; to shift towards preventative rather than responsive humanitarian work, for example; and to focus on health and education outcomes. But it lacked a unifying vision that brought these elements together (and explained omissions), or any detail as to how these objectives might be met. What few details it did provided appeared to be geared towards other objectives, with resources promised for British International Investment, the UK's Development Finance Institution, and the rebalancing of aid away from multilateral organisations. These aren't inherently good or bad ideas, but it remains unclear how exactly they contribute to the objectives the strategy set.

Alongside the lack of strategic clarity, there has been a diminution of institutional capacity to achieve impact. In the merger with the FCO, processes that DFID developed over 20 years to sharpen the accountability for spending decisions, results and impact have weakened, though most still exist. The gradual drift of aid to Departments which never developed such systems in the first place has also meant that the institutions governing the effectiveness of the UK's aid have weakened when measured across the whole portfolio. Doing development work well is hard: feedback, scrutiny and accountability systems provide a framework for assessing performance, course-correction and promoting alignment to strategic objectives. All of these have faded.

But not all of FCDO's problems stem from the cuts or the merger. The UK spent the last decade investing in its ability to spend on development, rather than its ability to diagnose problems and opportunities, and to act in support of development. The systems developed focused on projects, the spending associated with them, and their results; not on the broader impact of the Department's work. This, too, needs to change, especially if—as seems likely—the Government does not plan a return to previous levels of aid any time soon. A wider development offer that marries financial clout, policy (both domestics and international) and technical expertise would make for more efficient, impactful UK policy and a more attractive offer to developing countries. A good example of is the recent announcement, ahead of the Commonwealth Heads of Government Meeting (CHOGM), that the UK would be prepared to reduce the use of grain in domestic biofuels if others did[4]; this provides a policy anchor for others to coordinate around, to increase the amount of grain on the market and reduce prices. Such non-aid development action can be powerful, as well as a positive exercise of UK soft power.

Implementing such an approach may be difficult. Mr. Mitchell manages a very different workforce at FCDO than what he knew when he held the portfolio in earlier governments . As Secretary of State for International Development from 2010 to 2012 he inherited a Department with a strong foundation of expertise, a very high-quality senior management team (almost all of whom went on to perform high-level international roles in the international development system) and a structure that rewarded technical specialization as well as generalists, and to manage the increasing budget, he oversaw a substantial recruitment of new, young, advisers to this workforce. This was a key part of

4 See: https://www.gov.uk/government/news/pm-pledges-new-support-for-countries-on-the-food-security-frontline

DFID's appeal to developing countries: the ability to marry financial support to genuine development expertise and advice. Since 2020, all of this has shifted into reverse. Being absorbed into a larger organization with less emphasis on technical specialization or skills has deprecated the value of the technical qualifications and led to staff exit concentrated among those with longer and more specialized development expertise. This has extended to the highest levels of the organization, with the vast majority of development expertise lost from the Director-General level.

Together, these challenges are the whirlpool. FCDO is steering directly into it, with a guiding hand from the rest of Whitehall. With fractured accountability and limited resources, no clear map to navigate by, systems that are in shock or broken altogether and a crew lining up for the lifeboats, is there any way to rescue the UK's reputation and impact as a global development player? We argue there is and set it out below. It is not costless, either for FCDO or the broader Government, but the returns to taking these actions will, over time, greatly outweigh the outlay required.

Articulate a vision and strategy for UK development policy, and define development clearly

The combination of cuts and the relegation of development to secondary status on the FCDO has meant UK development policy, once so purposeful and influential with both bilateral and multilateral partners, has appeared directionless and listless for some time. The 2022 International Development Strategy lists both priority areas (British Investment Partnerships, Women and Girls, and Global Health, to name a few), and broad approaches (patient, long term development; transparency and being an honest partners) but was more a collection of intentions than a unified vision, and lacked any real engagement with the issue of how it would achieve its intentions. It is not surprising, then, that there has been no discernable progress in its implementation. Indeed, in the case of patient, long-term development (an excellent aspiration) the evidence points in the other direction, given frequent cuts, a freeze in the aid budget and the foreign office tendency to focus on the immediate problem rather than the distant horizon. dominates the organization? Similarly, despite the ambition towards transparency, external assessment suggests the UK are going backwards.

Having a coherent strategy matters even more in chaotic times. Right now, each round of rushed cuts, without a guiding framework to gauge them against, runs a risk of inadvertently undermining the FCDO's ability to ever rebuild itself and deliver high development impact again. Because the FCDO doesn't know what it wants to achieve, and how, in ten years time, it doesn't know what it needs to protect; similarly, it's difficult to deploy what resources are reliably available (not least people and expertise) without a strong organizational mandate for them to spend their time working with others to specific ends, even where the UK no longer brings a large budget. And just as risky, without a clear guiding vision of what the UK's role in international development is, when short term pressures on the aid budget are released there is a risk that a sudden increase in resources of several billion pounds will be spent poorly—directed to those funding lines that can quickly absorb money, rather than the ones that matter the most, but which might need preparation and a longer lead-in.

What then should the UK's medium term strategy be? Most importantly, it should recentre what aid and development engagement is good at: poverty, supporting the poorest people and countries. They should get most of the grant aid, and most of technical support. Support for global public goods that do not primarily benefit the poorest countries, and on middle income countries should draw more on diplomacy and less- or non-concessional finance. In pursuing this overarching vision, it should retain the International Development Strategy's focus on long term, patient development.

This vision will need to be matched by an implementation plan. To achieve an effective, long-term approach to global poverty, focusing on the poorest, FCDO should use the multilateral system extensively where an effective platform for delivery at scale exists, such as the Global Fund, or where leverage can make a serious difference to the volume of resources available. Bilateral support should be used where agility and flexibility is required, and where political engagement can make a real difference. That means some infrastructure investments, when finance needs to be married to policy influence and engagement, may be better suited to bilateral instruments such as BII than multilateral agencies. This kind of bilateral support should focus on government-to-government engagement, not just of money but of expertise, technical engagement. Technical engagement should consist of some embedded assistance, but more importantly of policy engagement and advice, specifically focused on how to bring successful policies and programmes to massive scale, and to gauge where there is real commitment to progress and to channel resources to support this. Combining money and advice to reinforce each other should be the aim—whether the money is spent as grants or through investments, guarantees or other instruments.

Setting out a vision—even if it isn't this one—will have two positive effects almost immediately. The first is internal, providing the development function with a coastline to navigate against. Immediately, it means that cuts and increases can be assessed simply and quickly against their damage or contribution to the priorities set. Secondly, it sends a signal to other partners—developing countries, multilateral institutions and other bilateral donors—of where the UK intends to be in the international development sector in the medium term, focusing on what it seeks to achieve and how, instead of the short term, but extremely painful process of cutting and retrenchment.

A third benefit is that it would allow the Government to make a clear statement about what development is, and what resources for development should be properly used for. The Autumn budget statement of 22 November 2022 announced that Mitchell, as the Minister of State for International Development would, together with the Chief Secretary to the Treasury, "effectively scrutinize aid spend."[5] To do so requires that there be an agreement on what aid should be spent on, and what the UK considers proper development spending, and this needs to be backed up by an effective,

5 https://questions-statements.parliament.uk/written-statements/detail/2022-11-22/hcws379

transparent system of advice-generation and decision-making. Without such a system, it is likely to be toothless and ignored, much a similar commitment made in 2020, which stated that Dominic Raab, then Foreign Secretary, would oversee a system of stricter governance of what constitutes aid spending and its alignment to the UK's development objectives.[6] There are three possible approaches to giving this commitment more teeth:

- The first option is to simply operate through existing systems, but with cleaner lines of accountability: for each official already accountable for any aid spending to be held to account for the fidelity of that spending to a clearly expressed, public definition of what counts as proper development spending in line with the UK's objectives, through the normal systems, including the National Audit Office and Public Accounts Committee. This system works with existing accountability systems, but has not protected the quality of development spending to date.

- The second option is to task a team of officials, chaired by the Permanent Secretary for the FCDO or Director General for Humanitarian and Development and a representative from the Treasury to produce an official, public report on the correct use of aid and development resources given the UK's strategic development goals, and for this team or the usual accountability bodies, to assess new and ongoing programmes for fit against them, with programmes failing this requirement to be closed or not approved. Such a system would provide official advice to Ministers, and a clear system for protecting the quality of development work, but puts enormous pressure on the independence of the officials tasked with the work; they may feel constrained from offering fully frank advice.

- Alternatively, an independent body could be tasked with the same objectives as the officials in option two above, in the manner of the Climate Change Committee (CCC). The CCC has an explicit remit to provide impartial advice on specific technical issues; a development version would focus on whether spending should properly be considered development aid or not. An alternative might be to extend ICAI's remit to do so, since 'aid impact' is already built into their mission. This provides impartiality and some insulation from Ministerial pressure, but also requires the establishment of a parallel system to existing Government processes.

However it functions, this system should be driven by what UK policy deems effective and impactful work to support developing countries escape poverty and develop economically. It should be restricted to be a **subset** of what counts as the Official Development Assistance (ODA) by the OECD's Development Assistance Committee (DAC). That is, nothing should be included that is not allowed by the DAC, but the committee should have carte blanche to be more restrictive than the DAC. The DAC rules are a set of permissions, not a list of requirements; the UK should operate within them, while

6 https://committees.parliament.uk/publications/3683/documents/38142/default/

also working to reform these permissions to more accurately reflect aid that is genuinely spent in support of developing countries and in them.[7]

Alongside a vision and implementation map for UK development policy, and a system for promoting adherence to that vision, the Mitchell should also be pressing for much stronger accountability for the use of development resources across government.

Establish controls to promote strategic and effective spending

In addition to a process for considering the appropriateness of development spending against strategic objectives, Mitchell urgently needs to improve accountability for the effectiveness and efficiency of resource use. The system currently in place for managing development resources is exceptionally weak, and almost certainly in contravention to the Treasury's own guidance on Managing Public Money and specifically the special responsibilities of Accounting Officers,[8] which include "[planning] to use its resources on an affordable and sustainable path, within agreed limits" and "[having] practical documented arrangements for controlling or working in partnership with other organisations, as appropriate".

The primary culprit at present is the system for managing spending on refugees first-year costs, which are counted as aid spending, as set out above. The Autumn statement has ameliorated this somewhat by effectively re-establishing the use of the Central Reserve to fund extraordinary expenditures, though it did so only partially: the expected outlay on refugees is still expected to lead to a substantial cut of the FCDO's bilateral aid budget. This system fundamentally weakens the incentives and capability of the Government to pursue value for money in public spending. Home Office and DHLUC have a blank cheque to spend from and weak spending control on refugee hosting won't result in cuts to the policing budget, or border security—instead it will come (in part at least) from the development budget. This frees them of the responsibility to make sure that policy choices and implementation are efficient. If they elect to pursue a costly, inefficient means of reducing the flow of asylum approvals simply by keeping people waiting longer, they can—for the first year at least—do so without ever forcing trade-offs within their own portfolio. And the development effectiveness of this spending simply isn't a consideration.

It also stymies the FCDO's own pursuit of efficiency and impact. To accommodate the other claims on their budget, they were forced to pause their spending nearly entirely. These projects on hold are not addressing the pressing problems they were designed to tackle, and in most cases these delays will

7 One valuable initiative that the UK could support or lead is Stephen Cutts' campaign to reform the DAC's rules on counting aid. See: https://www.ft.com/content/dc55dbfa-9b43-4469-adfe-733072769c38

8 Accounting Officers are the officials with personal responsibility for the efficiency and effectiveness of spending in each Government department. They are usually the Permanent Secretary of the Department, and are directly accountable to the Public Accounts Committee in Parliament and the National Audit Office.

make them harder to affect in the future. Contractors, networks, contacts: all are gradually eroding, and with it much of the capacity of FCDO to pick this work up again in the future. The sum total of this is a system that nominally saves money by economizing on aid outlays, but does so at the expense of encouraging fiscal looseness and overall inefficient use of public resources.

But the system is broken beyond this, too: too much is spent by Departments with no clear idea of what is being achieved, and whether scarce development resources are being well-spent. Rather, Departments have gotten used to using the aid budget to cover things they used to spend on from their own budgets, before the post-2009 austerity drive cut virtually all departmental budgets. And even within the FCDO, spending controls are much weaker when they do not pass through the remnants of DFID's historically strong financial and impact management structure.

Recovering from this position requires three things: rigorous, clear and transparent accountability for every cent of public resources spent; restructuring of the FCDO's own internal development spending to channel all ODA resources through a dedicated Accounting Officer supported by the ex-DFID systems of control; and a creating system of targets, measurement and reporting of actual development results from the resources allocated to each department.

The first is simple: if money is spent by a department, it must come from a budget originally allocated to them, it must be spent in accordance to Treasury guidelines, and there must be a clear line of accountability up to the Accounting Officer of the Department whose budget it comes from, giving the National Audit Office and Public Accounts Committee a specific named individual who has responsibility for the efficiency and fidelity of public spending. That means an end to the use of FCDO's budget as a kitty to break in the case of emergency or laxness by the Home Office, for example. Instead, the Home Office should have a pot of money to spend from, and any overspending or unexpected outlay will need to come from their own accounts, with the spending party forced to make and assess trade-offs over the policy and programmatic areas they manage themselves, rather than foisting the cost on to others. Doing this should also mean ceasing to count this spending as aid. Though some first-year costs of supporting refugees can be counted as aid, there is no rule that they must be. A policy decision to stop counting these resources as aid and instead make them part of the Home Office's core spending will achieve two things: first, it will force them to make a serious attempt to forecast refugee numbers and spending, with additional resources in genuinely unpredictable times to be appealed to from the Treasury's Central Reserve; and secondly, it will incentivize the Home Office to pursue a refugee management policy that minimizes cost.

The second is the internal corollary of this cross-Government system. To control the quality and fidelity of FCDO's own aid spending, all of it needs to run through same discipline that is provided by Quality Assurance of larger projects, a system of committees to scrutinize spending plans, execution and impact, and a single accountable Accounting Officer. This could be achieved simply and with minimal disruption to existing FCDO programmes and arrangements: the currently-empty second Permanent Secretary position could be made into a Permanent Secretary (Development) reporting to the Minister of State for International Development, with all FCDO aid under their purview. And the current aid spending that does not go through these systems should be routed through the existing Director-Generalship for Humanitarian and Development spending. This means shifting line-responsibility for a few spending lines and teams, but nothing compared to the disruption that most spending teams have run through in the last couple of years.

The third complements the first two systems through targets and measurements designed to demonstrate value-for-money and to allow the ex-post assessment of spending quality. Though a system that relies too much on counting can be corrupted, introducing more measurement and more assessment of expected impact across UK development spending will be beneficial.[9] The increasing share of UK ODA spent by Departments other than the primary international development Ministry has led to a dilution of the quality and impact of UK development work, as well as a drift towards less poor, better off places. To mitigate this, and taking advantage of concessions made to FCDO in the Autumn Statement, Mitchell should push for a role in making cross-Government impact assessments of aid spending, focusing on development impact. Such a system would allow FCDO development experts to take a central role in defining development impact, as well as how it should be measured and assessed, and would create a mechanism through which the spending of other Departments could be improved towards the level that FCDO spend achieves. Specifically, it should:

- Require that all programmes across Government set out explicitly their development objectives, what specifically they seek to achieve and alignment to the objectives set out in an updated International Development Strategy

- Establish a system in which all programmes across Government using any aid money are assessed on the basis of their expected impact, realism and alignment to UK development objectives

- Extend this system, in the first instance, to all ongoing programmes as well—with programmes performing poorly in the assessment being closed in the event of cuts being required

Underpinning this should be a renewed commitment to the generation and use of evidence in deciding policy, selecting and designing programmes and evaluation impact. DFID built a strong reputation as an organization that took the generation, use and scrutiny of evidence seriously, both internationally and across Whitehall. However, the same standards have been less apparent in 'development' spending by non-DFID parts of the UK Government—this despite large chunks of it being nominally in support of research and development. Specifically, programme design has been insufficiently informed by evidence and a clear link to development outcomes, while the research and development that is funded is less strongly-focused on translation into international development outcomes. Rectifying this can partly be achieved through the mechanisms set out above. By assessing all cross-Government spend on development impact grounds, R&D can be

9 Too much counting can focus efforts too much on what can be (or is) counted, rather than what matters; the present system likely leans too far in the other direction, with very little information on the quality and impact of spending generated.

brought more closely into support of development outcomes, as well as insisting on a stronger evidential basis for programme choices; and by restoring a clear internal line of accountability for all aid spending within FCDO, the evidence base for its own spending can be clarified.

But Mitchell can go further, too: by backing novel ideas with money and expertise to test their impact, and study how to scale new solutions to existing problems, the UK can reestablish itself as a driving force of research and knowledge generation in the international system. Its strong history and reputation in this field should not be squandered.[10]

Rebuild and reverse the loss of development expertise from the FCDO

Nevertheless, it will take more than money and bureaucratic systems to restore the UK's reputation on international development. The expertise and skills that made FCDO so highly rated around the world must also be restored. There are two issues to address immediately. The first is the steady outflow of development experts, driven primarily by the degradation of the mission to which most originally signed up: development and poverty reduction.[11] The second is the risk that further cuts will destroy the very skills and expertise the FCDO will need to rebuild in the medium term.

To respond to the first issue requires the articulation of a vision and medium-term strategy as set out above, but also starting work now on how FCDO will scale up its work and engage on development issues in the multilateral agencies, developing countries and with other bilateral donors as the budget and ambition are restored over the next few years. This cannot happen too soon. Empowering staff to engage in policy discussions and make forward-looking commitments or at least tentative plans will both make it easier for the UK to scale up development work when the money becomes less tight and help retain the development expertise that currently has too little development work to do beyond closing programmes.

The second risk requires strategic planning of any new cuts. Some cuts are painful and politically costly, such as reductions to contributions to multilateral funds, but easy to reverse once the taps are open again. It is very easy to increase funding to the Global Fund again once resources are available. But once a programme working vulnerable women in Northern Nigeria is closed entirely, much more is at risk: local expertise, contractors, knowledge and relationships, and even at the extremes, any local presence at all. If the medium-term ambition is for the UK's development offer to include both kinds of activity, one-off cuts might better focus on the things that are easy to restart, even if they are (for a single year) more impactful than alternatives. Again, such decisions can be made more easily once a clear and detailed medium-term strategy is in place.

10 See, for example, here: https://twitter.com/leightjessica/status/1468297896613318665
11 Giving evidence to the International Development Committee on 06/12/22, Andrew Mitchell said that some 200 posts for development experts are unfilled at the moment.

In both cases, empowering local and at-post staff and offices to take decisions on development policy and programming should also be a priority. The centralizing tendencies of the FCO have been inherited by FCDO, and further extended to development policy and spending—a trend already evident in DFID since 2012, with the establishment of large centrally-managed programmes which allowed greater control from London but at the cost of local delivery impact. For development outcomes in particular, local knowledge—of the political balances, local delivery capabilities and vested interests that matter in a place—is enormously valuable in both the design and execution of development programming. Finding a way to balance the Foreign Office's need for consistency and accountability in diplomatic policy with the benefits of localized decision making on the development side is necessary to get the best out of both.

Conclusion

The UK's reputation as a serious development player is currently in tatters. The combination of institutional changes, repeated rounds of cuts, the use of aid for non-development purposes and the loss of institutional and human capacity has been noted both within and outside our borders. And the current trajectory is not generally encouraging. Without serious, purposeful action, the situation will be irretrievable, which is bad for the world because the UK was a generous and influential development actor, punching well above its weight in the field. It will also be bad for the UK, because development was one arena in which the UK's influence was widely recognized and a genuine showcase for 'Global Britain'.

There is still time to steer the ship away from ruin. Though it will require making further cuts, and perhaps even accepting a lower, but more certain budget, the new Minister of State for International Development, Andrew Mitchell, can still set the UK on a path to restore its reputation as a development actor. We have set out how here. What remains to be seen is if he, the Chancellor and the Prime Minister are willing to grasp the nettle and push reform through. It will not be comfortable, but will make for better governance and a better development programme.

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